Revision: HCFA-PM-91-4 (BPD) OMB No.: 0938-
August 1991

State/Territory: Maine

Citation 4.19 Payment for Services

42 CFR 447.252
1902(a)(13)
and 1923 of
the Act

(a) The Medicaid agency meets the requirements of 42 CFR Part 447, Subpart C, and sections 1902(a)(13) and 1923 of the Act with respect to payment for inpatient hospital services.

ATTACHMENT 4.19-A describes the methods and standards used to determine rates for payment for inpatient hospital services.

/X/ Inappropriate level of care days are covered and are paid under the State plan at lower rates than other inpatient hospital services, reflecting the level of care actually received, in a manner consistent with section 1861(v)(1)(G) of the Act.

/ / Inappropriate level of care days are not covered.

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State/Territory: Maine

Citation
42 CFR 447.201
42 CFR 447.302
52 FR 28648
1902(a)(13)(E)
1903(a)(1) and
n), 1920, and
1926 of the Act

4.19(b) In addition to the services specified in paragraphs 4.19(a), (d), (k), (l), and (m), the Medicaid agency meets the following requirements:

(1) Section 1902(a)(13)(E) of the Act regarding payment for services furnished by Federally qualified health centers (FQHCs) under section 1905(a)(2)(C) of the Act The agency meets the requirements of section 6303 of the State Medicaid Manual (HCFA-Pub. 45-6) regarding payment for FQHC services. ATTACHMENT 4.19-B describes the method of payment and how the agency determines the reasonable costs of the services (for example, cost-reports, cost or budget reviews, or sample surveys).

(2) Sections 1902(a)(13)(E) and 1926 of the Act, and 42 CFR Part 447, Subpart D, with respect to payment for all other types of ambulatory services provided by rural health clinics under the plan.

ATTACHMENT 4.19-B describes the methods and standards used for the payment of each of these services except for inpatient hospital, nursing facility services and services in intermediate care facilities for the mentally retarded that are described in other attachments.

State Territory Maine

Citation	
42 CFR 447.201 42 CFR 447.302 AT-78-90 AT-80-34 1902 (a)(1) and (n) and 1920 of the Act, P.L. 99-509 Section 9403, 9406 and 9407 52 FR 28648	4.19(b) The Medicaid agency meets the requirements of 42 CFR, Part 447, Subpart C, with respect to payment for hospital services. The Medicaid agency will identify disproportionate share hospitals in accordance with 42 CFR 447.253 (b)(I)(II)(A). Disproportionate share hospitals will be payed as outlined on page eight (8) of attachment 4.19A.

Revision: HCFA-AT-80-38 (BPP)
May 22, 1980

State Maine

Citation		
42 CFR 447.40 AT-78-90	4.19(c)	Payment is made to reserve a bed during a recipient's temporary absence from an inpatient facility.

☒ XX Yes. The State's policy is described in ATTACHMENT 4.19-C.

☐ No.

TN # 77-20
Supersedes
TN #

Approval Date 1/12/77 Effective Date 2/1/77

INTRODUCTION

GENERAL PROVISIONS

10 PURPOSE

The purpose of these principles is to comply with Section 1902 (a) (13) (A) of the Social Security Act and the Rules and Regulations published thereunder (42 CFR Part 447), namely: to provide for payment of nursing care facility services (provided under Maine's Medicaid Program in accordance with Title XIX of the Social Security Act) through the use of rates which are reasonable and adequate to meet the costs which must be incurred by efficiently and economically operated facilities in order to provide care and services in conformity with applicable State and Federal laws, regulations, and quality and safety standards. These principles incorporate the requirements concerning nursing home reform provisions set forth by the Omnibus Budget and Reconciliation Act of 1987 (OBRA '87). Accordingly, these rates take into account the costs of services required to attain or maintain the highest practicable physical, mental, and psychosocial well-being of each medicaid resident.

11 AUTHORITY

The Authority of ~~the~~ Department of Human Services to accept and administer any funds which may be available from private, local, State or Federal sources for the provision of the services set forth in the Principles of Reimbursement is established in Title 22 of the Maine revised Statutes Annotated, Section 10 and 12. The regulations themselves are issued pursuant to authority granted to the Department of Human Services by Title 22 of the Maine Revised Statutes Annotated Section 42(1).

12 GENERAL DESCRIPTION OF THE RATE SETTING SYSTEM

A prospective payment system for nursing facilities is established by these rules in which the payment rate for services is set in advance of the actual provision of those services. The rate is established in a two step process. In the first step, a facility's base year cost report is reviewed to extract those costs which are allowable costs. A facility's costs may fall into an allowable cost category, but be determined unallowable because they exceed certain limitations. Once allowable costs have been determined and separated into four components - direct, indirect, routine and fixed costs, the second step is accomplished in which the costs which must be incurred by an efficiently and economically operated facility are identified. For direct care this is defined as the lesser of a facility's actual allowable costs or approved staffing costs.

13 EFFECTIVE DATE

These principles apply to reimbursement for all nursing facility services beginning on October 1, 1992

14 REQUIREMENTS FOR PARTICIPATION IN MEDICAID PROGRAM

14.1 Nursing facilities must satisfy all of the following prerequisites in order to be reimbursed for care provided to Medicaid recipients:

14.11 be licensed and certified by the Maine Department of Human Services, pursuant to Title 22, Section 1811 and 42 C.F.R. Part 442, Subpart C, and

14.12 have a provider Agreement with the Department of Human Services , as required by 42 C.F.R. Part 442, Subpart B.

14.2 Medicaid payments shall not be made to any facility that fails to meet all the requirements of Subsection 14.1.

15 RESPONSIBILITIES OF OWNERS OR OPERATORS

The owners or operators of a nursing facility shall prudently manage and operate a residential health care program of adequate quality to meet its residents' needs. Neither the issuance of a per diem rate, nor final orders made by the Commissioner or a duly authorized representative shall in any way relieve the owner or operator of a nursing facility from full responsibility for compliance with the requirements and standards of the Department of Human Services.

16 DUTIES OF THE OWNER OR OPERATOR

In order to qualify for Medicaid reimbursement the owner or operator of a nursing facility, or a duly authorized representative shall:

16.1 Comply with the provisions of sections 15 and 16 and this section setting forth the requirements for participation in the Medicaid Program.

16.2 Submit master file documents and cost reports in accordance with the provisions of sections 30 and 32 of these Principles.

16.3 Maintain adequate financial and statistical records and make them available when requested for inspection by an authorized representative of the Department of Human Services, the state , or the Federal government.

16.4 Assure that annual records are prepared in conformance with Generally Accepted Accounting Principles (GAAP), except where otherwise required.

16.5 Assure that the construction of buildings and the maintenance and operation of premises and programs comply with all applicable health and safety standards.

20 ACCOUNTING REQUIREMENTS

20.1 ACCOUNTING PRINCIPLES

20.11 All financial and statistical reports shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP), consistently applied, unless these rules require specific variations in such principles.

20.12 The provider shall establish and maintain a financial management system which provides for adequate internal control assuring the accuracy of financial data, safeguarding of assets and operation efficiency.

20.13 The provider shall report on an accrual basis, unless it is a state or municipal institution that operates on a cash basis. The provider whose records are not maintained on an accrual basis shall develop accrual data for reports on the basis of an analysis ~~of~~ the available documentation. The provider shall retain all such documentation for audit purposes.

1 PROCUREMENT STANDARDS

21.1 Providers shall establish and maintain a code of standards to govern the performance of its employees engaged in purchasing capital goods. Such standards shall provide, and providers shall implement to the maximum extent practical, open and free competition among vendors. Providers are encouraged to participate in group purchasing plans when feasible.

21.2 If a provider pays more than a competitive bid for a capital good an amount over the lower bid which cannot be demonstrated to be a reasonable and necessary expenditure it is a nonallowable cost. In situations not competitively bid, providers must act as a prudent buyer as referenced in Subsection 24.2 in these principles.

See cost to related organizations Section 24.9.

22 COST ALLOCATION PLANS AND CHANGES IN ACCOUNTING METHODS

With respect to the allocation of costs to the nursing facility and within the nursing facility, the following rules shall apply:

22.1 Providers that have costs allocated from related entities included in their cost reports shall include as a part of their cost report submission, a summary of the allocated costs, including a

reconciliation of the allocated costs to the entity's financial statements which must also be submitted with the Medicaid cost report. In the case of a home office, related management company, or real estate management company, this would include a completed Home Office Cost Statement which show the costs that are removed which are unallowable. The provider shall submit this reconciliation with the Medicaid cost report. . If the nursing facility is a Medicare provider, the Medicare Home Office Cost report may be used to identify the unallowable costs that are removed, if the Medicare Home Office Cost report is completed in sufficient detail to allow the Department to make its findings.

22.2 No change in accounting methods or basis of cost allocation may be made without prior written approval of the Bureau of Medical Services.

22.3 Any application for a change in accounting method or basis of cost allocation, which has an effect on the amount of allowable costs or computation of the per diem rate of payment, shall be made within the first 90 days of the reporting year. The application shall specify:

22.31 the nature of the change;

22.32 the reason for the change;

22.33 the effect of the change on the per diem rate of payment; and

22.34 the likely effect of the change on future rates of payment.

22.4 The Department of Human Services shall review each application and within 60 days of the receipt of the application approve, deny or propose modification of the requested change. If no action is taken within the specified period, the application will be deemed to have been approved.

22.5 Each provider shall notify the Department of Human Services of changes in statistical allocations or record keeping required by the Medicare Intermediary.

22.6 The capital component (any element of fixed cost that is included in the price charged by a supplier of goods or services) of purchased goods or services, such as plant operation and maintenance, utilities, dietary, laundry, housekeeping, and all others, whether or not acquired from a related party, shall be considered as costs for the particular good or service and not classified as Property and Related costs (fixed costs) of the nursing facility.

22.7 Costs allocated to the nursing facility shall be reasonable and necessary, as determined by the Maine Department of Human Services pursuant to these rules.

22.8 It is the duty of the provider to notify the Division of Audit within 5 days of any change in its customary charges to the general public . A rate schedule may be submitted to the Department by the nursing facility to satisfy this requirement if the schedule allows the Department the ability to determine with certianty the charge structure of the nursing facility.

22.9 All year end accruals must be paid by the facility within six (6) months after the end of the fiscal year in which the amounts are accrued. If the accruals are not paid within such time, these amounts will be deducted from allowable costs incurred in the first field or desk audit conducted following that six month period.

22.10 The unit of output for cost finding shall be the costs of routine services for each level of care per patient day. The same cost finding method shall be used for all levels of care in all long-term care facilities. Total allowable costs shall be divided by the actual days of care to determine the cost per bed day. Total allowable costs shall be allocated based on the occupancy data reported and the following statistical bases:

22.101 Nursing Salaries. Services provided and hours of nursing care by licensed personnel and other nursing staff.

22.102 Other Nursing Costs. Nursing salaries cost allocations.

22.103 Plant operation and maintenance. Square feet serviced.

22.104 Housekeeping. Square feet serviced.

22.105 Laundry. Patient days, or pounds of laundry whichever is most appropriate.

22.106 Dietary. Number of meals served.

22.107 General and Administrative and Financial and Other Expenses. Total accumulated costs not including General and Administrative and Financial Expense.

23 ALLOWABILITY OF COST

23.1 If these principles do not set forth a determination of whether or not a cost is allowable or sufficiently define a term used reference will be made first, to the Medicare Provider Reimbursement Manual (HIM-15) guidelines followed by the Internal Revenue Service Guidelines in effect at the time of such determination if the HIM-15 is silent on the issues.

24 COST RELATED TO PATIENT CARE

24.1 Principle Federal law requires that payment for long term care facility services provided under Medicaid shall be provided through the use of rates which are reasonable and adequate to meet costs which must be incurred by efficiently and economically operated facilities in order to provide care and services in conformity with applicable State and Federal laws, regulations, and quality and safety standards. Costs incurred by efficiently and economically operated facilities include costs which are reasonable, necessary and related to patient care, subject to principles relating to specific items of revenue and cost.

24.2 Costs must be ordinary and necessary and related to patient care. They must be of the nature and magnitude that prudent and cost conscious management would pay for a specific item or service.

24.3 Costs must not be of the type conceived for the purpose of circumventing the regulations. Such costs will be disallowed under Section 26.

24.4 Costs that relate to inefficient, unnecessary or luxurious care or unnecessary or luxurious facilities or to activities not common and accepted in the nursing home field are not allowable.

24.5 Compensation to be allowable must be reasonable and for services that are necessary and related to patient care and pertinent to the operation of the facility. The services must actually be performed and must be paid in full. The compensation must be reported to all appropriate state and federal tax authorities to the extent required by law for income tax, social security, and unemployment insurance purposes.

24.6 Costs incurred to comply with changes in federal or state laws and regulations for increased care and improved facilities are to be considered reasonable and necessary costs.

24.7 Costs incurred for patient services that are rendered in common to Medicaid patients as well as to non-Medicaid patients, will be allowed on a pro rata basis, unless there is a specific allocation defined elsewhere in these Principles.

24.8 Lower of Cost or Charges. In no case may payment exceed the facility's customary charges to the general public for such services. This determination will be based on the Principles described in the Medicare Provider Manual (HIM-15) in effect at the time of such determination.

24.9 Cost to Related Organizations Principle. Costs applicable to services, facilities, and supplies furnished to the provider by organizations related to the provider by common ownership or